

## Message Text

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17

ACTION NEA-09

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 OMB-01

AID-05 EB-07 TRSE-00 CIEP-01 COME-00 /068 W

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R 201541Z MAR 75

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 2841

INFO AMEMBASSY JIDDA

AMEMBASSY KUWAIT

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FROM MAESTRONE

E.O. 11652: NA

TAGS: USECJC, EINV, EGEN, EG

SUBJECT: JWG: ECONOMIC AND FINANCIAL COOPERATION: INVESTMENT LAW,  
REGULATIONS AND GUIDE

REF: A. CAIRO 2873 B. CAIRO 2742

1. IN MARCH 18 MINI-JWG MEETING (REFTEL A) MINECONCOOP AMIN REPORTED THAT SECOND TRANSLATION (FIRST WAS INADEQUATE) OF IMPLEMENTING REGULATIONS FOR INVESTMENT LAW SHOULD BE READY IN ABOUT A WEEK. HE ANTICIPATES THAT ANOTHER FOUR WEEKS WILL BE REQUIRED BEFORE DISTRIBUTION IS POSSIBLE. HE ALSO EXPECTS THAT MODEL CORPORATE STATUTES TO BE USED BY FIRMS MAKING INVESTMENTS, WHICH HAVE BEEN APPROVED BY PRIMIN, WILL ALSO BE READY FOR DISTRIBUTION AT SAME TIME.

2. IT WAS AGREED THAT GOE WOULD TAKE RESPONSIBILITY FOR PROVIDING ITS EMBASSY IN WASHINGTON WITH SUFFICIENT COPIES TO ENABLE USDOC TO PLACE THEM IN FIELD OFFICES. DR. AHMED EFFAT, WHO WE ANTICIPATE WILL SHORTLY BE  
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NAMED EGYPTIAN CO-CHAIRMAN OF JOINT BUSINESS CHAMBER

(JBC), WILL ALSO CALL UPON JBC TO ASSIST IN  
DISTRIBUTING DOCUMENTS.

3. INVESTMENT GUIDE, ON BASIS OF TABLE OF CONTENTS  
WHICH AMIN READ ALOUD FROM DRAFT, WILL BE COMPREHENSIVE  
AND USEFUL DOCUMENT. FORD FOUNDATION, WHICH PROVIDED  
ADVICE AND ASSISTANCE IN PREPARATION, APPEARS TO HAVE  
MADE CONSIDERABLE EFFORT COVER ALL ASPECTS OF POTENTIAL  
INTEREST TO INVESTORS.

4. FINANCING OF PRINTING OF GUIDE EVIDENTLY REMAINS TO  
BE SETTLED SINCE FORD HAS EVIDENTLY ADVISED IT CANNOT  
PROVIDE REQUIRED FUNDS. AMIN FIRST ASKED WHETHER GUIDE  
MIGHT NOT BE PRINTED IN US WITH COSTS COVERED BY AID.  
WHEN AID DIR INDICATED WILLINGNESS TO EXPLORE THIS  
POSSIBILITY BUT OBSERVED THAT THERE MIGHT BE CONSIDERABLE  
DELAY INVOLVED, THERE WAS GENERAL AGREEMENT GOE SHOULD  
SEEK OTHER ARRANGEMENTS. EGYPTIAN SIDE THEN CONSIDERED  
MAKING EFFORT TO PERSUADE FOREIGN BANKS (PRIMARILY  
AMERICAN) OPERATING IN EGYPT TO SHARE COSTS IN RETURN  
FOR RECEIVING CERTAIN NUMBER OF BOOKLETS PRINTED WITH  
COMPANY LOGO ON COVER.

5. AN ADDITIONAL GUIDE IS BEING PREPARED WHICH WILL  
CONTAIN PERTINENT INFORMATION FROM ALL LAWS TO WHICH  
REFERENCE IS MADE IN LAW NO. 43/ LABOR, HEALTH, TAXES,  
ETC. THIS LEGAL GUIDE IS ALSO APPARENTLY CLOSE TO PUBLICATION.

6. ON ANOTHER QUESTION OF PRIME INTEREST TO INVESTORS,  
NAMELY TRANSFER OF PROFITS, AMIN SAID GOE  
AUTHORITIES WERE KEENLY AWARE OF QUESTION OF DISINCENTIVE  
WHICH WULD RESULT IF INVESTMENT MONEY WERE BROUGHT IN  
AT OFFICIAL RATE (\$2.55 - L.E. 1.00) AND PROFITS  
TRANSFER ALLOWED ONLY AT PARALLEL MARKET RATE (\$1.70 -  
L.E. 1.00). AMIN REPEATED INFO PROVIDED REFTEL B RE  
CURRENT GOVT. CONSIDERATION THIS PROBLEM, BUT OPINED  
THAT ONLY LOGICAL CONCLUSION WAS TO SELECT EITHER ONE  
RATE OR THE OTHER FOR ALL TRANSACTIONS.

7. AMIN ADDED AS INCIDENTAL INFORMATION THAT MEMBERS  
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OF EGYPTIAN SIDE OF JOINT BUSINESS CHAMBER HAD BEEN  
SELECTED AND NAMES WOULD BE COMMUNICATED SHORTLY TO EMBASSY  
BY LETTER FROM PRIME MINISTER OR HIMSELF. HE CONFIRMED  
EFFAT WAS TO BE EGYPTIAN CO-CHAIRMAN.  
EILTS

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